

Sky Valley Ecological Reserve, Riverside County - Proposed

Overview and Summaries

Introduction

The proposed Sky Valley Ecological Reserve (SVER) project area is one of the last, undeveloped large tracts of land between the Coachella Valley and the Joshua Tree National Park (JTNP) in Riverside County. SVER area connects the Coachella Valley Ecological Reserve (CVER), Indio Hills and the JTNP. It is of critical importance to preserve this connection since so much of the Coachella Valley desert region has been developed or degraded. The SVER will serve as a refuge for a number of species of birds, animals and plants. This land has been a source of contention for many years between the owners of the land and those concerned about development, increased congestion, environmental degradation and destruction of the rural environment.

Primary considerations for the acquisition are as follows:

1. *Protect Essential Ecological Processes.* The property contains the Little San Bernardino Mountains fluvial sand transport system, which along with the Indio Hills sand transport system, maintains the sand dune habitat for the Coachella Valley fringe-toed lizard. The property also forms a key part of the watershed and hydrological regime for native fan palm oases and the seeps on the on the CVER that provides a water source for many wildlife species. Groundwater withdrawal occurring from potential development of the subject property or other impacts to water quality would adversely affect these natural resources. The long-term viability of the Preserve is critical as it provides core habitat for seven of the twenty-seven species covered in the Coachella Valley Multi-Species Habitat Conservation Plan (MSHCP).
2. *Conserve a Landscape Linkage.* The subject property is a linkage, or wildlife movement corridor, between the CVER and JTNP. Maintaining linkages such as this is a major conservation goal of the MSHCP and a requirement of the Natural Community Conservation Plan Act (NCCP).
3. *Conserve Endangered Species Habitat.* The property contains habitat for the threatened desert tortoise, one of the species covered by the MSHCP. It also provides habitat for other species to be conserved by the MSHCP, including Palm Springs pocket mouse and Le Conte's thrasher.
4. *Provide for enhanced public recreational opportunities.* The property will provide for enhancement of recreational opportunities in and around the Coachella Valley.

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Option and Purchase Agreement Summary

In 2003, The Nature Conservancy (TNC) acquired an option to purchase 8,881± acres north of Palm Desert and east of Desert Hot Springs along Dillon Road in Riverside County and began to assemble the needed partners to acquire the property. The TNC Agreement calls for Cathton Investments, Inc. (Cathton), the property owner to convey the property to TNC temporarily, and through further agreement with the parties below, will convey separate parcels to the Department of Fish and Game (DFG), Department of Parks and Recreation (DPR) and Friends of the Desert Mountains (Friends). The Agreement between TNC and Cathton specifies a purchase price of \$26,100,000.00 ±. The transaction includes approximately 8,881 acres of real property as shown on the attached map. WCB is proposing a grant to TNC in the amount of \$5,100,000 to assist in the acquisition of the above referenced property. Approval of the grant is scheduled for consideration by the WCB at its meeting of May 13, 2004.

Parties' obligations and conditions

The parties' obligations to close the transactions as noted above are subject to certain conditions including but not limited to the following: approval of the title of the property and be reasonably satisfied with matters disclosed by surveys of the property, including environmental surveys. The parties must be satisfied that existing encumbrances, assessments, judgments, if any, affecting the property do not impose obligations upon the property for which the recipients of the property will have adverse responsibilities following the conveyance.

The proposed funding partnership and the respective acreage distribution for this acquisition are shown on the following pages:

<i>Funding Source</i>	<i>Amount</i>	<i>Comments</i>
CVMC	\$9,500,000	CVMC Governing Board approved this in September, 2003.
WCB	\$5,100,000	On the May, 2004 WCB agenda.
State Parks	\$2,000,000	Approved by State Parks' Director. Requires Public Works Board approval.
TNC	\$1,000,000	Approved by Board of Governors.
CVAG ⁷	\$4,000,000	Executive Committee action required.
RLFF	\$1,500,000	Action by the Board of Directors pending.
Loan from Palm Desert	\$3,000,000	City Council has approved in concept. Approval of the loan agreement with the Friends of the Desert Mountains required..
TOTAL	\$26,100,000	Incidental costs such as appraisal, site inspection, and escrow fees are being covered by TNC and CVMC.

CVMC – Coachella Valley Mountains Conservancy; WCB – Wildlife Conservation Board, State of California; State Parks – Department of Parks and Recreation, State of California; TNC – The Nature Conservancy; CVAG – Coachella Valley Associated Governments; RLFF – Resources Legacy Foundation Fund.

⁷ CVAG would acquire a portion of the Cathton property to mitigate transportation projects in the Coachella Valley and to implement the Coachella Valley Multi-Species Habitat Conservation Plan.

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As explained earlier, TNC will have ownership only briefly and will by separate agreement, grant portions of the property to various entities to allow time to coordinate funding and obtain appropriate approvals. The entities proposed to receive portions of the property include California Department of Fish and Game (DFG), California Department of Parks and Recreation (DPR) and Friends of the Desert Mountains (Friends) and/or the County of Riverside. The site locations and proposed acreage distribution are explained in the following three (3) tables:

Proposed property to be transferred to DFG

<i>Section #</i>	<i>APNs</i>	<i>Acres</i>
Section 27, T3S R7E	741-050-002	112.22
Section 33, T3S R7E	741-030-006 Note: this is a full section of 641.20 acres. DFG would get the East ½. DPR would get the West ½	320.60
Section 34, T3S R7E	741-030-022	553.70
	741-030-023	76.80
Section 3, T4S R7E	750-050-001	299.59
	750-050-002	10.27
	750-050-005	.04
	750-050-006	325.83
	TOTAL	1,699.05
At \$2,935/acre, the total estimated cost would be \$4,986,711.75		

Note: The acreage in this table is based on the County Assessor's parcel database and is an estimate only. Final corrected acreages are to be determined by land surveyor and the acreages as shown may need slight adjustment.

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<i>Section #</i>	<i>APNs</i>	<i>Acres</i>
Section 28, T3S R7E	741-050-005	320.29
	741-050-007	37.00
	741-050-008	228.00
Section 29, T3S R7E	741-030-002	640.00
Section 31, T3S R7E	741-030-004	499.47
	741-030-010	156.54
Section 32, T3S R7E	741-030-005	535.10
	741-030-011	97.46
Section 33, T3S R7E	741-030-006 Note: this is a full section of 641.20 acres. DPR would get the West ½. DFG would get the East ½	320.60
Section 5, T4S R7E	750-010-015	80.00
	750-010-016	243.07
	750-020-001 through 009	95.60
	750-020-013	15.00
	750-020-015	15.00
	750-020-016	138.99
	750-020-017	16.01
	TOTAL	3,438.13
At \$2,935/acre, the total estimated cost would be \$10,090,911.55		

Note: The acreage in this table is based on the County Assessor's parcel database and is an estimate only. Final corrected acreages are to be determined by land surveyor and the acreages as shown may need slight adjustment.

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Property to be transferred to FODM or Riverside County

Location	Acres	Vesting		Funding Source
Sect 25, T3S R6E	622.99	FODM		Loan from Palm Desert; may be paid back by BLM land exchange proceeds ²
N ½ Sect 36, T3S R6E	314.54	FODM		
Portions of N ½ and portions of N ½ SW ¼, Sect 30 T3S R7E ¹	85.46	FODM		
	1,022.99	TOTAL		
Portion of S ½ Sect 15, T3S R6E ³	200.00	FODM or County		CVAG may want title to vest with the County rather than FODM
Sect 23, T3S R6E	518.00	FODM or County		
Sect 27, T3S R6E	642.60	FODM or County		
	1,360.60	TOTAL		
Portion of Sect 14, T3S R6E ⁴	341.85	FODM		Funded by combination of RLFF funds (\$1,500,000), TNC funds (\$1,000,000), and CVMC grant funds (as needed to make up the balance)
Portion of Sect 14, T3S R6E ⁵	121.70	FODM		
Portion of Sect 15, T3S R6E ³	440.00	FODM		
N ½ Sect 35, T3S R6E	320.00	FODM		
All portions of Sect 30, T3S R7E included in the sale.	87.85	FODM		
	1,311.40	TOTAL		
	3,694.99	NON STATE GRAND TOTAL		

¹ APNs 741-070-008, 009; 741-080-005, 006, 007, 008, 009, 010, 011, 013; 741-090-010, 011, 012; 741-100-014, 015, 016

² These properties may require a Deed of Trust.

³ Note that a portion of Sect 15 is being acquired with CVAG funds, and a portion with the funds from RLFF, TNC, and CVMC.

⁴ APNs 645-380-010, 013, 014. If need be, a bit of the CVMC grant can supplement the RLFF grant, if it is only \$1,000,000.

⁵ APN 645-380-011

Note: The acreage in this table is based on the County Assessor's parcel database and is an estimate only. Final corrected acreages are to be determined by land surveyor and the acreages as shown may need slight adjustment.

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Property Owner Information

Cathton Investments, Inc.
Third Floor, 302 East Carson Avenue
Las Vegas, NV 89101
Fax (780) 438-2632

Property Information

Size: 8,881 acres. The property is irregular in shape with some non-contiguous areas.

Zoning: The property consists of numerous parcels with a variety of zoning designations.
3,178 acres is zoned R-A-1½ , Residential Agriculture, 1½ acre minimum lot size
353 acres is zoned R-A-10, Residential Agriculture, 10 acre minimum lot size
3,978 acres is zoned W-2-10, Controlled Development Areas, 10 acre minimum lot size
1,372 acres is zoned N-A, Natural Assets, 20 acre minimum lot size

Riverside County recently adopted a new General Plan which assigns more restrictive land use designations to the property. The zoning has not yet been changed to be consistent with the new General Plan. The appraiser estimates that between 500 and 650 dwelling units could be constructed on the property under the new General Plan.

Current Use: Vacant land

Topography: The property consists of alluvial fans crossed by several washes with some mountainous areas in the northwesterly and easterly portions. Overall, most of the property is relatively level, with a gently slope towards the south. Elevation ranges from 850 feet to 1,100 feet above sea level on the alluvial fans. The mountainous areas range up to 2,000 feet above sea level.

Improvements: None

Tenant or Business Relocation: None

Property Address: The property is located about five miles northeast of the unincorporated community of Thousand Palms and seven miles north of Palm Desert at the intersection of Dillon Road and Thousand Palms Canyon Road between the Sky Valley and Indio Hills communities of unincorporated Riverside County. Most of the property has access from public streets, mainly Dillon Road, Thousand Palms Canyon Road, and Hot Springs Road.

APPRAISAL SUMMARY

The State contracted for, and DGS approved an independent appraisal of the property. The appraisal was prepared by qualified independent appraisers licensed by the State of California, in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal analysis was performed on the property by Members of the Appraisal Institute (MAIs) who are also Certified General Real Estate Appraisers licensed by the State of California. The appraisers certify that they have no financial interest in the property, nor do they have any bias with respect to the parties involved in the transaction. The valuation report and analysis conform to the USPAP, the supplemental requirements and Code of Professional Ethics of the Appraisal Institute, and generally accepted appraisal practice.

The appraisal was prepared by Robert P. Caringella, MAI and Shannon L. Cutsinger, MAI, of Jones, Roach & Caringella, under contract to WCB.

The date of value is March 1, 2004.

The date of the report is March 12, 2004.

The estate appraised was fee simple.

The appraisal concluded that the market value is \$28,400,000 or \$3,200 per acre.

The valuation was based on a highest and best use of future planned residential development and mitigation. The comparable sales approach was used in estimating the market value. In preparing the appraisal, the appraisers performed the following tasks: the appraisers on or about March 1, 2004 inspected the subject property and the surrounding area. The physical, legal and economic characteristics of the property were investigated, including review of numerous public and other documents. Representatives of the county planning and land use department, commissions or divisions were consulted, as were documents including relevant planning and land use regulations and maps. A partial list of individuals interviewed for this appraisal includes members of neighborhood/preservation groups, the staff of the California Department of Fish and Game, County of Riverside – Board of Supervisors, County of Riverside planning officials, property owner representatives and consultants. The appraisers investigated the relevant regulations relating to the subject and other environmentally sensitive areas, particularly in light of recent general plan and zoning changes or revisions. The sales comparison approach and analysis was the primary tool used in valuing the property and preparation of the appraisal report. No other approach was relevant in this case and the sales comparison approach was reconciled into a conclusion of fair market value for the property. Department of General Services (DGS) reviewed the appraisal and concluded that the content, analysis and conclusions stated in the report comply with the applicable (DGS) standards and requirements of USPAP. DGS approved the market value as stated in the appraisal report.

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MANAGEMENT

The DFG, DPR, Friends and or other groups will coordinate on short term management, maintenance and security for the land granted to each from The Nature Conservancy. An informal management strategy will be coordinated with the various owners, to assure appropriate measures are in place to protect the land and resources in the near term. A management plan will be prepared cooperatively with DFG, DPR, Friends and or others to assure adequate protection of the land into the future.

PUBLIC AVAILABILITY OF THE ENVIRONMENTAL SURVEY

A copy of the environmental survey (Phase 1) of the property proposed for acquisition is available for viewing by the public during regular business hours at the following locations:

1. Wildlife Conservation Board
1807 13th Street, Suite 103
Sacramento, California 95814
(916) 445-8448
Contact: Mary Grande

2. Coachella Valley Mountains Conservancy
73-710 Fred Waring Drive, Suite 205
Palm Desert, California 92260
(760) 776-5026
Contact: Bill Havert/Katie Barrows

APPROVAL BY STATE:

The grant by the Wildlife Conservation Board (WCB) to TNC as noted on page 2 and subsequent transfer of approximately 1,700± acres to the State of California, Department of Fish and Game is subject to approval by the WCB. This action will be considered by the WCB at its meeting scheduled for May 13, 2004. **A copy of the agenda for the herein referenced WCB meeting on May 13, 2004 may be found on the WCB website. <http://www.dfg.ca.gov/wcb/>**

The proposed funding from the California State, Department of Parks and Recreation (DPR) and subsequent transfer of title to DPR will be considered as a separate action by the Public Works Board (PWB). It is anticipated that the PWB meeting to consider the project will be held in three to six months depending on staff time, agenda preparation and scheduling. Interested parties are encouraged to view the PWB schedule and future agendas on the California State, Department of Finance web site.